

CIA HISTORICAL REVIEW PROGRAM
RELEASE AS SANITIZED

2003

LINCOLN

C/R No. 40

CONTACT REPORT

Date: 1 March 1954

Place: Safe House "A"

Persons Present: Bob FORD and []

Subject: Discussion of JUNTA Budget, March 1954, with []
Discussion took place on the evening of 28 Feb 1954.

Discussion:

1. I discussed the outline or estimate of the RUFUS budget for March 1954 in rather lengthy detail with [] I gave a considerable amount of pre-build-up before I got into the specific items which he has figured for us, country by country. A considerable amount of this build-up was regarding the importance and the reasons for this budget. Since I have already explained in detail to members of the GROUP in Miami this information, I will attempt to give [] overall reaction to the idea of the budget.
2. [] indicated to me on several occasions during the entire discussion of the budget that, above all, he wished to have an honest and true picture of the expenses which were being planned for by the JUNTA in the field. He stated that he wished to have an honest budget, one which was correct in as much as it could be possible. He said that he, himself, would have no dealing with anybody who would not prepare an honest budget. He said at one point in the conversation, after I had explained to him that there is some doubt why RUFUS, after only such a short period of time, had taken almost a contrary action which could not be explained by us, that he had been engaged in the work of freeing Guatemala from the Communists for many years, and that if, under the circumstances, the GROUP felt that RUFUS was not the man to do the job or was not capable of performing the job, he, himself, was interested primarily in a free Guatemala, and that thinking along these lines he would then endeavor to think ahead and obtain some idea or some thought as to who, then, could be used to lead the anti-Communist elements against the incumbent government.
3. I discussed with [] then, in following sequence: the Intelligence budget which, for the most part, was not changed at all; the Propaganda budget which had some changes, but which, for the most part, was the same as RUFUS' figures; then I discussed the Military budget in which there were many discrepancies between the amounts which had been set forth or requested by RUFUS, and the amounts which had been deemed feasible by the GROUP, according to their discussions with RUFUS as of two weeks ago.

a. In discussing the military budget, [] was, for the most part, agreeable to the changes which had been suggested, as I []

5A-46

told him, by DON RICARDO, but which would be necessary for [] to be fully cognizant of, so that he, in representing RUFUS to the GROUP, would be able to approve the budget. Two items particularly drew our attention in the military budget. One was Item #8 under Guatemala, which called for support and organization of what we considered to be military installations or personnel. This item was for the amount of \$15,000. In the GROUP's considered opinion, [] was advised, this amount could not be more than \$5,000, and even then it was considered to be an extremely generous sum. [] was asked how and in what circumstances this item could be suddenly so rapidly increased. [] replied that perhaps there had been a misunderstanding,; that what he considered this support and organization's expenditure was not really a military expenditure but actually a political expenditure. He said that such groups as CEUA, PUA, The Christian Workers' group, the market women, the salary of [] the salary of [], an informant in Quesaltenango, the payment of various people who were informants, the payment for the organization in Tiquisate, the payment of PIACO, a propaganda group in Quesaltenango, all were part of this money which was earmarked for Guatemala. I asked him in what respects, then, could this money possibly have been spent for military purposes in the month of February, and why was not some note made of this. He had no ready reply for this and said that in the discussions which had taken place over the military expenditures, he had not been too attentive toward them, since both JUAN JOSE and DON RICARDO had discussed the matter with RUFUS, and he assumed that all items in the military field had been taken care of. Delving into this expenditure, he advised me that [] instead of [] the CEUA individual. actually was the paymaster for this large amount of money. [] as the current organization is set forth, is under RUFUS' control, thus we have the picture that RUFUS is paying a political leader who actually should be under [] control, who is the acknowledged political leader of the JUNTA. [] admitted the validity of my argument and advised that he would forward a letter in the near future to make certain that these organizations be completely identified and their organization and activities be fully explained to him.

b. The next military expenditure item was under #23, Nicaragua, which called for a moving and feeding of 250 men at the nominal cost of 30,000 American dollars. I asked [] for what possible reason this amount would be set forth. I stated that this amount had hit the GROUP HQ like an atomic bomb, and it was felt by several that this was an unjustified and very calloused effort to obtain a large amount of money without its being accounted for. I advised him that our representatives of the JUNTA were business men who were used to having big business operations, but they did not appreciate nor would they look with favor, nor would they countenance in the future any chance or any effort on the part of anybody connected with the JUNTA to make an unwarranted effort to

obtain funds. [] was advised that as of a short time ago--two weeks to be exact--when RUFUS was in Miami, there was absolutely no mention made of this expense, by either himself or DON RICARDO, in all the discussions which took place regarding the military activities during the months to come. Therefore, the GROUP was looking on this expenditure with a very jaundiced eye, and would be very happy to know if [] had any explanation for it. [] said he had no explanation for it and that certainly he, in his communication to RUFUS, would ask for an explanation of this expenditure.

c. The above items were discussed as described in considerable detail. A memorandum which had been prepared by RICARDO was discussed point by point with [] and to avoid needless detail a complete discussion of his reaction of each point is now being included in his report.

4. [] complained that the estimate which RUFUS had forwarded to him actually had been prepared in such a general manner that he had no method of ascertaining exactly what these expenditures were for, and that he also was requesting that RUFUS send him a more detailed accounting of the expenses, so that he could be in a better position to represent the GROUP.